

REPORT

CD NO.

DATE OF INFORMATION 1951

DATE DIST. 2 JAN 1952

NO. OF PAGES 2

SUPPLEMENT TO
REPORT NO.

EVALUATED INFORMATION

LANGUAGE German

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF ESPIONAGE ACT 50 U. S. C. 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

SOURCE Neue Zuercher Zeitung.

GDR SIGNS TRADE AGREEMENT WITH USSR

A trade agreement between the USSR and the German Democratic Republic was signed in Moscow on 27 September 1951. Heinrich Rau, Deputy Minister-President and head of the East German delegation, announced at a Berlin press conference that the agreement will be in force until the end of 1955. It covers only products of vital economic importance. Special agreements will be entered into from time to time to cover the less important products.

According to Rau, the Moscow trade agreement does not merely list the goods produced and offered for export by the two trade partners; basic consideration is given to the requirements of the two countries, and to the coordination of their production.

Moscow is the control center for the economy of the Soviet bloc. The Satellite countries have set up five-year plans patterned on USSR interests, all of which expire at the same time, in 1955. Since the exchange of goods within the Soviet bloc has as its primary goal the fulfillment of production plans, the agreements which regulate this exchange also terminate in 1955. By the end of 1951 East Germany will conclude such agreements with all the People's Democracies except China.

The totals for transactions covered by the Moscow Trade Agreement are being kept secret, according to Rau. He merely stated that the exchange of goods between the USSR and the GDR would be tripled between 1950 and 1955.

Apparently no arrangements have been made for extending the long-term credits which would greatly benefit East Germany in carrying out its large-scale investments. The GDR will import only limited quantities of finished products; it will receive from the USSR mostly raw materials and foodstuffs, against exports of machines, equipment of all types, ships, and chemicals. Settlements will be made on the basis of world market prices.

- 1 -

[illegible]

RESTRICTEDRESTRICTED

STAT

The Moscow agreement has put the USSR in first place in the GDR's foreign trade. The USSR will furnish all the cotton required by East Germany, and will also supply the major portion of its import requirements for feed grain. The large quantities of imported wheat will prevent the occurrence of bread shortages in the GDR, according to Rau.

The Germans will be able to import 250,000 tons of coke per year from the USSR, which will alleviate their supply difficulties for this vital fuel although it will not solve them completely. Under the agreement, the GDR has to pledge itself to a further adjustment of its economy to the needs of the USSR. Rau reported that during 1952 construction of large vertical lathes is to be increased from 28 [in 1951?] to 85, as the result of orders placed by the USSR. The expansion of shipyards is to be speeded up because the Russians, to the detriment of the Satellite countries, have laid claim to all ships to be built for export under the Five-Year Plan.

- E N D -

- 2 -

RESTRICTED**RESTRICTED**